

THE SCHOOL DISTRICT OF LANCASTER



TOGETHER WE CAN

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of

**Modernizing the E-rate
Program for Schools and Libraries**

WC Docket No. 13-184

**Initial Comments of the School District of Lancaster, Pennsylvania
Regarding
Notice of Proposed Rulemaking**

Contents

I. Introduction And Overview	2
II. The Priority 2 Funding Shortfall In FY 2013 Threatens The District's Ability to Offer 21 st Century Learning Opportunities To Students.....	3
A. Prioritize Funding Of Broadband Service And De-Prioritize Other Services.....	4
B. Reduce The Maximum Discount For Priority 2 Requests.	4
C. Change The District Discount Methodology To A Simple Average And Use This Discount For All Buildings.....	4
D. Establish A Per-Student Or Per-Building Cap For E-Rate Funding.....	5
E. Establish A Rotating Schedule For All Applicants To Be Able To Apply For Priority 2 Funding..	5
F. Provide A Budgeted Amount Of E-Rate Funds To Each Applicant And Dispense With The Application And Bidding Process.....	5

I. Introduction And Overview

The School District of Lancaster (“District” or “SDL”) Established in 1836, the School District of Lancaster is the second oldest district in the Commonwealth of Pennsylvania. The School District of Lancaster serves a diverse population of approximately 11,500 students: 58.3% Hispanic, 18.5% African American, 15.4% Caucasian, 7.8% Asian/other.

The District’s early childhood center, thirteen elementary schools, four middle schools, one high school campus, and several other alternative sites are home to approximately 1,585 staff members, including administrators, teachers, counselors, and support staff. The nine-member Board of Directors governs district activities with a total operating budget of \$180 million.

Many of the students come from impoverished families so much so that the District opted to become a Provision 2 district under the National School Lunch Program. Each student qualifies for a free lunch under this program. The District has a 90% E-rate discount.

Many of the District’s buildings were constructed many years ago and were in need of refurbishment. Nearly all of the buildings are undergoing major renovations in four different phases. The first phase, which resulted in renovations of four elementary schools, was completed in the summer of 2011 and cost \$47 Million. Phase 2 will include six additional buildings and is currently budgeted at \$57 Million. Some of the buildings have been completed and others are in process. Phase III and Phase IV, planned for future years, will each refurbish and/or reconstruct five other buildings. In total, 20 buildings will be either reconstructed or refurbished.

Technology upgrades is a key component of the construction of each building. Each building has been retrofitted with new communications cabling, switches and wireless service (access points and Power over Ethernet switches). E-rate resources are vitally important to the District to ensure that the new technology can be deployed in conjunction with the building improvements.

II. The Priority 2 Funding Shortfall In FY 2013 Threatens The District's Ability to Offer 21st Century Learning Opportunities To Students.

The FCC's E-rate 2.0 NPRM raises different approaches for ensuring that schools and libraries have access to 21st Century broadband that supports digital learning. (NPRM, ¶¶ 56-176). In conjunction with these approaches, the FCC asks, in paragraph 173, whether a temporary increase in the E-rate cap is necessary to reach our goals and ensure high-capacity broadband connectivity to and within schools.

SDL submits that a permanent increase in the funding cap is necessary to ensure there is sufficient money to meet the needs of schools and libraries for educational technology upgrades and ongoing costs. A temporary cap will not resolve the funding shortfall gap that has plagued the program since its inception.

In FY 2013, the District applied for \$2,233,242.95 in order to deploy wireless Internet access technology equipment throughout eleven (11) of its buildings. The equipment includes wireless access points and controllers and related installation costs. Because of the funding shortfall, there is a grim outlook that this project will be approved. Consequently, the District has had to slash the project and scale it back to a bare minimum and will be unable to install wireless capability in these eleven (11) buildings.

Whatever reform actions are taken, the FCC must ensure there are tangible, additional funds allocated to E-rate. Reforms without adequate funding offers nothing but an empty promise to students. What good is it to expend all of these efforts and then find out that there is not adequate funding to meet the goals of the program? The modest cost savings that are under review will not be adequate to meet the existing demand of the program beneficiaries.

The District's position on the six different reform proposals for ensuring equitable access to funds follows.

A. Prioritize Funding Of Broadband Service And De-Prioritize Other Services.

Giving priority to broadband services sounds appealing, but not if it is at the expense of de-funding voice phone services which is included as one of the proposals. If voice services are de-funded, this will leave an enormous hole in the District's budget and will require the District to use resources that might otherwise be available for technology purchases in order to pay for this vital service.

Including broadband equipment needed inside of school and library buildings as a priority is extremely appealing but again, it will work only if there is sufficient funding to fully fund all of these funding requests. If there is inadequate funding, then the District will be subject to scaled back funding requests, possibly even on its multi-year wide area network and Internet service contracts.

B. Reduce The Maximum Discount For Priority 2 Requests.

The District would strongly prefer that the discount matrix remain intact and that sufficient funding is allocated to E-rate to meet all funding requests. As an impoverished district, any additional local matching requirement would create a financial hardship. But if the choice presented is to de-fund voice phone service and/or not be able to obtain any Priority 2 funding, then the District would prefer a lower Priority 2 maximum discount over these other options.

C. Change The District Discount Methodology To A Simple Average And Use This Discount For All Buildings.

This approach seems sensible and would alleviate some of the time spent on submitting its form 471 application. Since all of the District's buildings currently receive a 90% discount, this would have little practical effect on the District. It also seems to make sense to require applicants to use their district wide discount for all funding requests.

D. Establish A Per-Student Or Per-Building Cap For E-Rate Funding.

Whether a per-student or per-building cap approach is appealing all depends on the levels that will be set and the FCC was unclear on what those levels might be. This formulaic approach is concerning in that it may under-allocate funds one year and over-allocate funds the next year to applicants. The historic approach of competitive bidding being used to set prediscount prices and funding requests has seemed to work well. The District is concerned that more funds would go unspent under this approach rather than reducing the carry-forward of funds from one year to the next, because money would be allocated even if it was not needed. This approach also does little to minimize program complexity because all other aspects of the program would be unchanged.

E. Establish A Rotating Schedule For All Applicants To Be Able To Apply For Priority 2 Funding.

SDL strongly favors this approach because all applicants would be assured of receiving some Priority 2 funding on a periodic basis. The approach would also take a lot of the guess work out of budgeting and wondering whether there will be sufficient funding to approve Priority 2 requests and at what discount level. The District supports the idea that applicants would have two years to use the funding, with the option to seek a service delivery deadline extension for a third year, in order to ensure that applicants had sufficient budgeted resources to pay for the non-discounted portion of expenditures.

F. Provide A Budgeted Amount Of E-Rate Funds To Each Applicant And Dispense With The Application And Bidding Process.

As appealing as this sounds, the District does not favor this approach because of the many risks it would face after expending E-rate funds that the expenditures might be found to not be in compliance with program rules and must be refunded to the administrator. Although application processing delays are frustrating the District recognizes they serve a valid purpose of reviewing requests for funding, before

they are allocated and the funds are spent, to ascertain the requests comply with program rules. Of course, pre-application review is no guarantee that upon being audited applicants may be found to have spent E-rate funds in violation of program rules and may be asked to refund program dollars. If the pre-application review is eliminated, however, applicants cannot have any confidence that their funding will be spent in a manner consistent with program rules and they will reduce the risk of having to refund money.

Also, providing a budgeted amount to each applicant may invite waste, fraud and abuse since service providers will know what funds are available to applicants and will not have an incentive to offer the most competitive prices available. The budgeted amount of funds will establish a de facto ceiling for bids.

SDL prefers that whatever reforms are implemented, these measures have sufficient protections to minimize against waste, fraud and abuse, in order to ensure the long term integrity and success of the E-rate program.

Respectfully submitted,

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